GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:5084
ANSWERED ON:25.04.2003
BUFFER STOCK OF SUGAR
MANSINH PATEL;SHIVAJI MANE

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether there is any proposal under Government`s consideration to create buffer stock of sugar of 20 lakh tonnes during the ensuing two years due to sharp rise in the stock of sugar and the continuous reduction in its prices;

(b) if so, the measures taken by the Government to fix responsibility of maintaining the stock and to pay in full the other expenditures incurred on this stock;

(c) whether the Government have taken the advice of sugar industry in this matter;

(d) if not, the reasons therefor; and

(e) the details of steps taken to dispose of the surplus stock at present?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (S SREENIVASA PRASAD)

(a),(b),(c)&(d): Indian Sugar Mills Association (ISMA) and National Federation of Cooperative Sugar Mills (NFCSF), the Apex Organizations of Sugar Industry had represented to the Government for creation of buffer stock.

A buffer stock of 20 lakh tonnes of sugar has been created for a period of one year with effect from 18.12.2002 involving an outgo of Rs. 412 crores from the Sugar Development Fund.

As per the SDF Rules, 1983, the buffer stock of sugar is to be stored in separate anddistinctly identifiable stocks and lots and in separate godowns within the premises of sugar undertaking and the claim for buffer subsidy is to be preferred by the sugar undertaking on quarterly basis.

(e): For liquidating surplus stock of sugar, the Government have been promoting export of sugar and have taken the following measures in this regard:-

(i) The quantitative restrictions on export of sugar have been lifted.

(ii) The requirement of registration of quantity to be exported with the Agricultural Processed Food Export Development Agency (APEDA) has been dispensed with.

(iii) Sugar factories exporting sugar have been allowed exemption from levy on the quantity of sugar exported.

(iv) The adjustment in free sale stocks of sugar factories exporting sugar is being made at the end of 18 months from the date of export.

(v) Duty Entitlement Pass Book (DEPB) benefit @ 4% on the f.o.b. value of exports has been allowed on export of sugar.

(vi) With effect from 21st June, 2002, the sugar factories have been allowed to claim reimbursement of the expenditure incurred on internal transport on export shipments of sugar.

(vii) The Government have decided to neutralize the ocean freight disadvantage on export shipments of sugar and reimburse the same to sugar factories @ Rs.350 per tonne with effect from 14th February, 2003.